Dev (19 48) Department.

MS SERIES.

G.O. No. 4643

Dated 11.9.48

[Despatch Abstract.]

[illegible]nts' Conduct Rules - Talk on 'Land Mortgage Banks and Loans [illegible] Land Improvements' by the Deputy Registrar of Co-operative Societies, [illegible] and by the Deputy Registrar, Tiruchirapalli - Text of talk - [illegible] approved.

DRAFT TEXT OF THE BROADCAST TALK ON THE LAND MORTGAGE BANKS AND LOANS FOR LAND IMPROVEMENTS.

Ladies and Gentlemen,

I am glad to be here today to broadcast to the people of Madras the working of Land Mortgage Banks in this Province. As many of you might be aware Land Mortgage Bank movement was sponsored by Government with a view to effectively tackle the agricultural indetedness in the Province. Quite early in the career of the Co-operative Credit structure, it become evident that it was impossible to provide long term capital for discharge of prior debts, redemption of mortgages and for land improvement through rural credit societies. The need for the creation of a separate agency to tackle this problem was therefore felt and the

formation of the banks one after another commenced since 1925. There are at present 119 Primary Land Mortgage Banks scattered throughout the Province and they are financed by the Central Land Mortgage Bank at Madras.

2. Long term loans are issued by these banks on the security of agricultural lands situated within their area of operations. Loans are given for repayment of prior debts or for improvement of lands or for purchase of lands in special cases to effect consolidation of holdings. Improvement of lands includes sinking and construction of wells and other sources of irrigation, construction of bunds to ward off submersion, important works on the land purchase of agricultural machinery including electrical or oil Engines, motors, and pumps. Any person over 18 years of age who is competent to contract and owning lands in his own right i.e. having occupancy right either as a ryotwari Pattadar or Zamindari Pattadar is eligible to take loans. The lands offered as security for such loans may be wet, dry or garden lands under regular cultivation. Borrowers may also offer house properties situated in municipalities and major panchayats commanding good rental value as additional security for the loans.

3. Laons are sanctioned only for members. The value of each share is generally Rs. 10/ - and every borrower has to take shares to the extent of 5% of his borrowings. The individual maximum borrowing power is generally Rs. 10,000/- and in special cases the maximum is fixed at Rs. 15,000/-. Within this maximum an agriculturist may apply for the loan required by him. There is no minimum fixed for a loan as it is the intension that Land Mortgage Banks should cater to the needs of the small ryots. Loans are issued on the first mortgage of unencumbered agricultural lands upto a maximum of 50% of their value. The valuation is done by the directors of the bank and officers of the Co-operative Department on the basis of pre-war sales statistics. The income from the land and the income from all other sources should be adequate to meet the normal family expenditure, the kist and other charges on the land and the annual instalment on the loan. The basis on which the Land Mortgage Bank Scheme is planned is that by a loan from a Land Mortgage Bank a member should be able to liquidate his numerous prior debts and be free to pay back the bank loan in easy instalments from his annual income and not having to answer numerous creditors all the year round. The loan is repayable with interest at 5¼% in 20 annual instalments. The mode of repayment may either be equated instalment by which the borrower will be required to pay a fixed sum every year for a period of 20 years or equal instalments by which he will have to pay 1/20th of the loan amount and the interest on the outstanding loan amount. To cite an instance, a borrower who has taken a loan of Rs. 1,000/- has to pay Rs. 81-15-0 every year under the equated instalment method. This includes both principal and interest. Under the equal instalment system, he has to pay annually a sum of Rs. 50/- towards principal plus interest at 5¼% on the amount outstanding from time to time. As long as the member regularly pays the loan instalments and observes the other conditions of the loans the bank is precluded from recalling the loan within the period of 20 years. But the member may repay the loan either in full or in part in advance of the demand and derive full benefit of such repayment.

4. Fees and concessions:- Every applicant for a loan will have to pay a fee of Rs. 0-4-0 for every Rs. 100 of the loan applied for subject to a minimum of Rs. 3/- and maximum of Rs. 20/- to meet the travelling allowance of the directors deputed to inspect the lands and the charges for running the administration of the bank. He has also to pay a fee of Re. 1/- for every Rs. 1000/- or part thereof subject to a minimum of Rs. 3/- and maximum of Rs. 15/- to meet the legal expenses in connection with the scrutiny of title of applications. For

applications below Rs. 2,000/- no fees for obtaining encumbrance certificate need be paid. For applications for over Rs. 2,000/- half the fees for obtaining encumbrance certificates in respect of the lands offered as Security will have also to be paid. The mortgage bond to be executed by a borrower is exempted from stamp duty. This is a substantial concession and an added advantage in taking a loan in a Land Mortgage Bank. In regard to Registration fees, only half the usual fees need be paid. Harijans are exempted fully from the payment of all fees leviable under the Law of Registration.

5. Title for properties:- A member who applies for a loan will get it with the least delay if he files with the application all the document of title to property as also documents to prove the discharge of prior encumbrances/as (1) public copies or original records of title establishing the applicants right to the property, offered for mortgage (2) certificates by the village officers about the details of property, value thereof and income (3) number of patta in which the properties are included and the names of pattadars (4) Sketches for the part fields to be got prepared correctly with reference to the actual enjoyment signed by the applicant and other joint owners, (5) Proof of discharge of mortgages noted in the encumbrance certificates and copies of pronotes proposed to be discharged

5. How to get a loan:- The agriculturists, who are in need of loans may approach the nearest Land Mortgage Bank and inform them of their requirements. The Secretary and Supervisor of the Land Mortgage Bank would be glad to help an applicant in furnishing the required details and explaining what are all the documents that will have to be filed to satisfy the Bank about the correct title to the land. When the bank tells you that some records or statements have to be secured do not imagine that the bank is unreasonably worrying you. It is in fact helping you to perfect your title for the property and safeguarding your own interests and your descendants. All the documents in your possession such as sale deeds, discharged mortgage bonds, rough pattas kist receipts, etc. may be given to the bank so thatit may satisfy itself about your title to the lands offered as security. The aim of a Land Mortgage Bank is to see that the borrower discharges all his debts with the help of the loan so that his only liability may be the debt due to the bank. The applicant should therefore disclose all his debts due by him secured or unsecured. But the borrowers are allowed to keep along side with Land Mortgage Bank loans, short loans already taken from a credit society, Government loans or usufructuary mortgage loans, on the mortgage of properties, othe than those proposed to be offered as security to the Land Mortgage Banks.

7. Land Mortgage Banks and Land Improvement Loans:- There is a common criticism against Land Mortgage Banks, that they have been giving loans mostly for unproductive purposes. Of late, the banks are extending their activities by way of financing land improvements and developments. The bulk of the agriculturists consists of very small land holders and they cannot afford to invest large sums on major improvements like repairs to channels, small productive irrigation works, etc. But by collective or joint endeavour this may be possible. Some 5 or 7 ryots may pool their loans together and carryout some major improvements for the common benefit of all of them.

Secondly the importance of electrical power in its application to agriculture industry is also gaining familiarity with the ryots. The Government have schemes to extend the electrical power to the rural areas so that electrical energy may be

used for agricultural purposes. Land Mortgage Banks afford the necessary facilities for long term finance. The agriculturists may ava themselves of these facilities for installing electrical pump sets fo baling out water from wells for irrigation purposes. If electrical energy is utilised for agricultural operation, the agricultural industry is bound to be economic.

The Land Mortgage Banks are thus encouraging the habit of utilising money for productive purposes. The banks will afford necessary facilities to the borrowers in securing Electric pump sets from the firms at Madras. The Central Land Mortgage Bank has compiled information regarding the firms dealing with pump sets and arranges for the quick delivery of this machinery. Further where the agriculturists desire electrical connections for agricultural purposes they may send up applications through the banks of which they are members. The Registrar of Co-operative Societies will then recommend such applications to the Electrical Department and request to take action to arrange for the supply. In these days, when scarcity of food is so much prevalent it should be the efforts of all concerned to step up production and when the Land Mortgage Banks are affording necessary facilities in this behalf, it is up to the Agriculturists of our Province to avail of them. In an Independent India, every one is expected to work hard and enhance the national wealth of the country. The Land Mortgage Bank system in this Province by seeking to help the agriculturists with long term loans at a cheap rate of interest repayable in easy instalments, helps the redumption of agricultural idebtedness and the exploitation of the natural resources for the increased well being of the country's population.

....

GOVERNMENT OF MADRAS.
Abstract.

Government Servants' Conduct Rules - Talk on 'Land Mortgage Banks and Loans for land improvements' by the Deputy Registrar of Co-operative Societies, Cuddapah and by the Deputy Registrar, Tiruchirapalli - Text of talk - Approved.

- -

DEVELOPMENT DEPARTMENT.

G.O. Ms. No. 4645. Dated the 11th September 1948.

Read:-

Letter from the Registrar of Co-operative Societies, No. R.C. 43927/48/V.2. dated 3.9.1948.

Order:-

His Excellency the Governor of Madras approves of the text of the talk on 'Land Mortgage Banks and Loans for land improvements' to be broadcast in Telugu by the Deputy Registrar of Co-operative Societies, Cuddapah on 15.9.1948 and in Tamil by the Deputy Registrar of Tiruchirapalli on 18.9.1948 from the Madras and Tiruchirapalli stations respectively of the All India Radio.

(By Order of His Excellency the Governor).

W.R.S. Sattianathan,
Secretary to Government.

To

The Registrar of Co-operative Societies, Madras.
The Station Director, All India Radio, Madras.
The Station Director, All India Radio, Tiruchirapalli.

...

/True copy/

Superintendent,
Madras Record Office.

k.y.s. 30.7.

KR 18/8